

BEFORE THE ARBITRATOR

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In the Matter of the Petition of

HOWARD-SUAMICO BOARD OF EDUCATION  
EMPLOYEES UNION, AFSCME, LOCAL 3055-D

To Initiate Arbitration  
Between Said Petitioner  
and

Case 63  
No. 52685 INT/ARB-7648  
Decision No. 28858-A

HOWARD-SUAMICO SCHOOL DISTRICT

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Appearances:

James Miller, Staff Representative, appearing on behalf the Union.

Godfrey & Kahn, S.C, Attorneys at Law, by Robert W. Burns, appearing on behalf of the Employer.<sup>1</sup>

INTEREST ARBITRATION AWARD

Howard-Suamico Board of Education Employees Union, AFSCME, Local 3055-D, (herein "Union") having filed a petition to initiate interest arbitration pursuant to Section 111.70(4)(cm), Wis. Stats., with the Wisconsin Employment Relations Commission (herein "WERC"), with respect to an impasse between it and Howard-Suamico School District, (herein "Employer"); and the WERC having appointed the Undersigned as arbitrator to hear and decide the dispute specified below by order dated October 16, 1996; and the Undersigned having held a evidentiary hearing in Howard, Wisconsin, on January 29, 1997; and each party having filed post hearing briefs, the last of which was received April 29, 1997.

ISSUES

The following is a summary of the issues presented with respect to the parties' agreement in effect for July 1, 1995 to June 30, 1997. The wage schedule contained in the expiring agreement is:

Time in Service	1994-5
0 - 90 days	6.05
90 days - 6 months	6.30
6 months - 18 months	6.60
18 months +	7.63

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1/ John A. Haase, also appeared on brief.

The Employer proposes to increase all wages by \$.10 per hour in the 1995-6 year and to increase the first two steps by \$.10 per hour, \$.30 at the third step and \$.06 at the top step for the 1996-7 year. The resulting schedule is as follows:

Time in Service	1995-6	1996-7
0 - 90 days	6.15	6.25
90 days - 6 months	6.40	6.50
6 months - 18 months	6.70	7.00
18 months +	7.73	7.79

The Union proposes to increase all wage rates by \$.30 per hour in the 1995-6 year and \$.25 for the 1996-7 year. The resulting wage rates are as follows:

Time in Service	1995-6	1996-7
0 - 90 days	6.35	6.60
90 days - 6 months	6.30	6.85
6 months - 18 months	6.90	7.15
18 months +	7.93	8.18

#### POSITIONS OF THE PARTIES

The Union argues that the parties were at impasse over the method of costing which the parties would primarily use for resolving this and future disputes. The Employer has insisted that the primary method of costing be the roll forward method. The Union has rejected that method arguing that the settlement should be based upon comparisons of wage rate increases in comparison to both internal and external comparisons. The Union argues that the wage rates for this unit are among the lowest of comparable districts and, therefore, its offer should be adopted.

It argues that there has only been one relevant arbitration award between the parties and in that award the arbitrator stated that he was not establishing a definitive set of comparables for the parties. In that case he used Ashwaubenon, Denmark, De Pere, Luxemburg-Casco, Oconto Falls, Pulaski, Seymour and West De Pere as comparables. The Union agrees that these districts are comparable, but argues that they are inadequate, and would add to the list the following districts: Clintonville, Marinette, New London, Shawano-Gresham and Green Bay. The Union notes that the expansion of the list of comparables is necessary because four of the original districts are non-union<sup>2</sup>. Second, the other districts (other than Green Bay) are part of the Bay Conference. The Union analogizes to the awards in which the Madison School District was held to be comparable to the Monona Grove School District because Monona Grove was essentially and enclave in the

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<sup>2</sup>Denmark, Luxemburg-Casco, Seymour and West De Pere

Madison School District. The Union argues that the Green Bay School District has the same effect on this district, economically, socially and culturally. The Union argues that the other Bay Conference districts which it has added have strong similarities to Howard-Suamico with respect to equalized value per member, and student population.

The Union argues that in any event the wage rate comparisons show that housekeepers here are the second lowest paid of all of comparables at the minimum rates and the third lowest at the maximum. Marinette being the lowest by far. The Employer's offer would make this district the lowest paid at the minimum. and tied for second lowest paid at the maximum for 1996-7. The average increase among the Union's comparables for 1995-6, is \$.25 minimum, \$.31 maximum, for 1996-7 \$.24 minimum, \$.43 maximum (\$.28 without Marinette which increased its steps from four to seven).

The Union notes that the Employer premises its offer upon a total package method which is primarily suited for teacher negotiations. Package negotiations work to the detriment of lower wage units. Thus, that method of costing is inappropriate because, teacher wages are substantially higher, their schedule has many more steps, and they are full-time employees. Even in comparison to both the custodial unit and the educational support unit, the housekeepers are substantially lower paid. Even comparable percentages result in substantially less cents-per-hour increase in this unit. In the 1995-6 contract year, the Educational Support group received \$.18 per hour at the minimum step and the addition of a new step of 10 years or more which resulted in increases in the range of \$.33 and \$.88 at the maximum. In the 1996-7 school year they received \$.19 at the minimum, \$.41 at the maximum rates. At the same time the custodians received \$.40 for 1995-6 and between \$.64 and \$.68 for 1996-7. These increases are higher than that offered this unit and the Union's proposal should be adopted as being more comparable on the actual cents-per-hour basis under criteria d and e. If the Employer's method of costing and its implications are adopted, this unit will continue to seriously fall behind similar wages in comparable districts. This is particularly true in this unit in which employees work less than full-time and less than the full year. The Union, therefore, conclude that its approach is the more "valid" approach.

Finally, the Union notes that its offer will not have a significant impact on the budget of the school district in that the total wages in this unit are a minor factor in that budget. This is particularly true since eight employees have left employment since June 1, 1994. The district has chosen to add three employees which is a factor but it has saved because of the overall wage schedule which is lower than comparable districts'. In any event the District has the ability to meet the demands of

the Union and, its residents are, in fact, relatively higher income people than comparable districts.

The Employer argues that using the roll-forward method of costing, its offer is supported by the internal comparisons and should, therefore, be adopted. It believes external comparisons should be given less weight. It does argue that its proposed set of external comparison groups is more appropriate than that proposed by the Union. The Employer urges that the set of comparisons used by Arbitrator Mueller be used as the appropriate set based upon their comparability with respect to size, tax base and labor market. It argues that the Green Bay School District is not at all comparable because it is substantially larger than this district and it is an urban district. The Employer relied upon the factors outlined by Arbitrator Yaffe in School District of Mishicot, Dec. 19849-A (2/83): as follows:

1. similarity in the level of responsibility, the services provided by, and the training and/or education required of such employee;
2. geographic proximity; and
3. similarity in size of the employer

Accordingly, the Employer chose only housekeeping/cleaning positions in other district. As to the second factor, the Employer used districts which are contiguous within a range of 20 miles, excluding Green Bay. As to size, the Employer compares districts on the basis of number of employees, work year, schedule structure, enrollment, cost per member, and aid per member. The Employer notes that the Union stated during the hearing that it based its set of comparables on the inclusion in the Bay Conference, but the Employer believes that arbitral authority supports the use other factors when dealing with a non-professional unit.

Turning to its main argument, internal comparability, the Employer argues that it has presented unrefuted evidence showing that the internal settlement pattern has been controlling among the educational support personnel, custodial and housekeeping units. It argues that its offer is more consistent with the internal pattern of settlements than that of the Union. It argues that the Union's focus only on the actually wage increase to be applied to the top step ignores the impact of its existing salary schedule. The Employer heavily relies upon the reasoning of Arbitrator Krinsky in Chippewa valley Technical College (Office/Clerical/Technical), Dec. No. 28698-A (9/96), for the proposition that total package comparisons are the appropriate method of making comparisons among units of a school district.

Finally, the use of total packages in determining internal comparisons is supported by the fact that the Educational Support Personnel expressly placed a provision in their collective bargaining agreement providing:

"The parties acknowledge that future salary schedule advancement and benefit increases will continue to be costed within the total package costing process as done by the parties for this contract, unless the parties agree otherwise, or modify the schedule."

In the Employer's view the principle of equal treatment among units should be given priority in this case.

The Employer also argues that The Employer's offer provides employees with an increase which is consistent with the rate of inflation as measured by the increase in the consumer price index. The Employer emphasizes that the total package increase is appropriate to make comparisons that factor.

The Employer argues that its offer is appropriate because it will not reduce the relative rank of this unit among the comparable school districts. The Employer argues that its offer should also be viewed in the light of the fact that employees in this unit reach the top of the salary schedule quicker than in most districts because this schedule has fewer steps. The Employer also argues that its offer is supported by the interests and welfare of the public. This district has the highest property taxes among the comparable districts with the exception of Ashwaubenon and a mill rate which is the third highest. The Employer's change in aid per member for 1993-6 is clearly the lowest at 5.08%, with the exception of West De Pere. The Employer does not contend it is unable to pay the Union's offer. Further, the arbitrator should also consider the fact that the Employer has not had any difficulty in attracting employees to these positions. The Employer also argues that the settlements within Brown County's units favor the Employer.

The Employer argues that the Union's argument that this unit has high turnover in that the turnover in this unit is not related to wage rates. There are few hours of work and most of the employees are college students who leave when they complete school. There is no evidence that the Employer is having difficulty recruiting employees. It also notes that 42% of the District's employees have stayed over six years. Finally, the Employer notes that over the years the employees at the top of the schedule have been negotiating wage increases for themselves while seeking only half of that for the employees at the bottom.

By reply the Union takes the position that its comparables still remain appropriate. It notes that it used comparisons based upon comparable duties rather than merely relying upon job

titles as the Employer has. It argues that its comparables better reflect the impact that Green Bay has on the set. In any event, it notes that even the Employer's offered wage comparisons favor the Union's position both with respect to average wage increases and wage rates. The Union argues that fringe benefits and other cost increases are not significant in this dispute. Employees receive few fringe benefits: for example, only one employee receives health insurance. The Union re-emphasizes its position that it is the cents-per-hour increase which is relevant to the proceeding. It cites arbitrators' awards for the proposition that the top rate on a salary schedule with one or two steps constitutes the rate for the job and that the lower steps represent discounts from that amount. In this light, the actual wage increase given here is far below the average amount of wage increases granted in other units. Further, the Employer's "cast forward" method of costing results in comparisons which are not meaningful with other units in the area. The Union believes that it is strange that the Employer would seek to make comparisons from Brown County bargaining units while ignoring those coming from the Green Bay Area Public School District. Similarly, the Employer's use of data from the private sector covers areas which would suggest that many of the comparables offered by the Union are appropriate (Marinette and Shawano.) The Union notes that the Employer distorts its position on turnover. The Employer states that most of the housekeepers were college students and couldn't be expected to view this job as a career position. Similarly, it notes the Employer argues that limited number of months of work and hours are factors which are more important in turnover than wages. Cast forward requires a large number of employees to be realistic. In a small unit, a small turnover will substantially distort costs. Finally, the Union views the Employer's argument that the Union has "stacked the deck" in favor of employees at the top of the schedule is without merit in that they were largely voluntary settlements.

The Employer replies to the Union's position by reiterating that the Green Bay district should not be used as a comparable. It further stresses that the Union's argument as to average wage increases does not recognize that the fact that the minimum wages here are lower than most places is the result of past settlements in which the Union sought to put the entire increase on the top step. While the Union maintains that its proposed wages are closer to those of comparable districts, it has ignored the fact that the Employer's offer is closer to the settlements in its other units internally. The internal settlement should not be disregarded. The internal settlements are a better indicator of a reasonable resolution than what other employees of the same employer have received through collective bargaining. Next, the Employer argues that the total package approach is relevant because it is a method which accurately portrays its labor costs. There is no reason that the method which is used in teacher

negotiations cannot be used in negotiations in this unit. Indeed, the educational support unit specifically agreed to use this method in future costing, including advancement though the wage schedule. Finally, it notes while the Employer has not argued ability to pay, the mere fact that it can pay does not necessarily mean that it is appropriate for it to pay all that it can afford. The Union's proposal exceeds all reasonable measures. It is inappropriate for the Union to suggest that the actual increases which occur as employees move through the steps should not be considered, even though they are increases in costs to the Employer.

#### DISCUSSION

Under Sec. 111.70(4)(cm), Wis. Stats., the arbitrator is required to select the final offer of one party or the other, without modification. Under the statute the arbitrator is to make that choice by applying the following factors:

- a. The lawful authority of the municipal employer.
- b. Stipulations of the parties.
- c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.
- d. Comparison of wages hours, and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes performing similar services.
- e. Comparison of wages hours, and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes generally in public employment in the same community and in comparable communities.
- f. Comparison of wages hours, and conditions of employment of the municipal employes involved in the arbitration proceedings with the wages, hours and conditions of employment of other employes in private employment in the same community and in comparable communities.
- g. The average consumer prices for goods and services, commonly known as the cost of living.
- h. The overall compensation presently received by the municipal employes, including direct wage compensation,

vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

- i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.
- j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact finding, arbitration, or otherwise between parties, in the public service or in private employment.

The arbitrator may apply those standards which he or she deems appropriate and is free to assign whatever weight to each standard as he or she determines is appropriate.<sup>3</sup>

The Employer has heavily relied upon internal comparisons to the other non-professional bargaining units under factor e. In making these comparisons, the Employer has insisted to impasse that the sole method of making that comparison be the "roll forward" method of costing. The roll forward method of costing is a system in which all of the employment costs for the current staff under the last contract year are totaled. The current staff, whether or not they actually remain employed, are "rolled forward" to the next year. The total costs of each proposal including the total cost of the movement through any salary schedule are totaled. The difference equals the total increase in dollar amounts and the percentage change equals the total package percent increase.

Criterion e. requires arbitrators to take internal comparisons into account. This is based upon the principal of equal treatment of employees. It also recognizes how similarly situated employees would deal with the same set of bargaining circumstances (local economic conditions, ability of the Employer to pay, etc.). Ordinarily, this standard is applicable in determining the size of a general increase to be applied to a bargaining unit, as dissimilar positions are not comparable for wage rate determinations. This factor is often given the most weight when there is a long standing history of internal

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As part of the overall change in school funding in Wisconsin, 1993 Wisconsin Act 16 changed the standards in Section 111.77(4)(cm). That change does not apply here.

settlements being the same. No such history has been presented here; however, this factor is still entitled to weight in this proceeding.

In making these determinations, this arbitrator has heavily emphasized in other cases that the "roll forward" method of costing is the primary method of determining what comparable total package increases are between internal units. This emphasizes total compensation as contemplated in criteria h and allows for variations in how a total increase is applied in that package. Thus, reliance on the roll forward method encourages problem solving in each unit. For example, one bargaining unit could choose to increase insurance benefits while another chooses to increase wages. However, there can be circumstances in which the roll forward method does not really present a fair picture of total increases.

The figures presented by the Employer calculated on the roll forward method are as follows: the 1994-6 custodial total cost on the roll forward method as 7.89%. The two year figure is arrived at by adding the percentage increase in each year. The 1996-98 custodial agreement is costed at 7.60%. The separate school educational support unit reached agreement for a two year agreement with the same term as this unit. The Employer costs the 1995-7 total cost for the Educational Support unit settlement at 8%. The Employer costs the offers on the roll forward method including the effect of the increment between steps. It costs the Union's offer as \$9,674.77 or 6.03% for 1995-6 and \$12,166.70 or 7.15% for 1996-7. For comparison purposes the total increase is 13.18%. It costs its offer as \$5,332.03 or 3.32% for 1995-6 and \$8,122.59 or 4.90%. For comparison purposes the total increase is 8.22%.

There are a number of things the roll forward method does not account for, or which vary from unit to unit. When these factors are the same or relatively minor across units, the roll forward method is a very strong method of comparison. However, when these factors are not the same and are relatively important, the roll forward method is not a reliable method of comparison.

The roll forward method ordinarily takes into account the cost of incremental increases specified in salary schedules as employees move from starting rates to top rates. The Union is correct that ordinarily the top rate in systems with schedules of short duration such as that involved in this case is considered the journeyman rate or rate for the job, with the beginning rates being a discount for the inexperience of the starting employees. Many parties operating under that type of salary schedule ignore the costs of the increment. While the argument is correct, it is misplaced. When the impact of these schedules is small and relatively the same across units, the roll forward method still generates a comparable figure. Thus, whether it is included or

excluded does not matter.

The difficulty with the Employer's application in this case is that increment factor is not relatively the same in this unit as it is in the other units. In this unit, the maximum is reached in 18 months when an employee usually has fully learned the job. What is unusual is that the amount of the lift between the start and top rates is proportionately very large. By contrast, the salary structure in the support staff unit has increments at start, first year, fourth year, and eighth year. There is very little lift between each step. The Custodial unit agreement has a four step structure with the highest rate achieved at 24 months. While its structure is essentially the same, the lift from the lowest to the highest rate is about 19% of the base rate whereas in this unit the lift is about 26%.

The roll forward method takes the staff from a prior year and advances them to the next year. Thus, when employees leave and are replaced by those starting at the beginning of the schedule, the roll forward method does not take that savings into account. Another factor which makes the roll forward costing method disparate under the facts of this case, is the fact that this unit has a high percentage of people moving through the steps. This is largely due to the routinely high turnover in this unit. The costing of the Employer offer shows that about \$2,013 of the total package is accounted for by the step increases for 1995-6 (\$5,332) and \$3,703 for 1996-7 (\$8,122). I don't believe that the impact of the schedule on the whole total package is anywhere near as great in the other units as it is in this unit.

As I noted above, the roll forward method of costing allows comparisons of total package increases which have substantial variations in how the increase is allocated in the package. That process can be abused. The Employer has emphasized increasing the third step in its 1996-7 proposal. The Employer has articulated a rationale for this action, but as a practical matter that approach is inconsistent with what most employers would do under similar bargaining circumstances. What this does achieve is that it distorts the package, but minimizes long term increases for existing staff. I don't believe that that is an appropriate allocation of the total package when funds are scarce.

Another method of making internal comparisons is to examine the size of the wage increase applied to the wage schedule. This unit receives little in the way of benefits and, therefore, it is very reasonable to expect that the wage increase applied to the schedule should be comparable to that applied to other

schedules.<sup>4</sup> The custodial unit completed negotiations for a two year agreement commencing July 1, 1996. The wage increase for 1995-6 under its prior agreement was \$.36 per hour at the base and \$.40 at the top across the board. The result at the maximum was wage increases of between 2.82% to 3.5%. For 1996-7 the increases at the maximum range from \$.61 to .68 or 4.6% to 5.19%. The educational support unit received an \$.18 increase and added an additional step to the salary schedule for 1995-6. For 1996-7 they received increases at \$.44 to .59 at the base and \$.41 per hour at the top. At the top the percentage increase is 4.2% to 5.3% at the top. By comparison, the Employer's offer herein for 1995-6, is \$.10 or 1.6% at the start, 1.3% at the maximum. For 1996-7, the Employer's offer is \$.10 at the start (1.6%) and \$.06 at the top (0.7%). The Union's offer for 1995-6 is, \$.30 or 4.9% at the start, 3.9% at the top. For 1996-7, it is \$.25 or 3.9% at the start, 3.2% at the top. The Union's offer is favored under this method of comparison. I would give this method heavier weight under the circumstances of this case. Accordingly, the Union's offer is favored under this criteria.

#### EXTERNAL COMPARISONS

The parties have both sought a determination of what is the appropriate set of comparables. In determining the appropriate set of comparables, the undersigned looks to units with similar positions which are in the same or similar labor market, are of similar size, similar economic base, and similar tax resources.

The Union's proposed addition of Green Bay to the comparable group on the basis of its analogy to the Monona Grove cases is without merit. Green Bay is a district which is substantially larger. The situation of Monona Grove is different because that district was virtually surrounded by the Madison district. The parties agree that this district's economics are heavily influenced by Green Bay. However, the parties have offered sufficient comparables of similarly sized districts similarly influenced by Green Bay. That influence is, therefore, already adequately represented in the comparable group.

The following is the relevant comparative data as to the comparables proposed by the parties:

	enrollment	Ev/mem	mill rate	inc./ret	union
Ashwaubenon	3,078	294,214	15.04		34,094y
Denmark	1,511	151,534	14.25		28,087n
De Pere	2,202	213,193	14.44		40,873y

<sup>4</sup> Indeed, the fact that the figures on this basis conflict with those generated by the roll forward method is a strong indication under the facts of this case, that the roll forward method comparisons are not actually comparable to each other.

Luxemburg-Casco	1,692	170,975	14.00	27,553n
Oconto Falls	1,828	142,576	15.84	28,075y
Pulaski	2,949	154,505	13.99	32,913n
Seymour	2,367	122,754	13.74	27,135y
West De Pere	1,667	289,711	14.14	36,153n
Marinette	2,900	133,408	13.06	27,082y
Clintonville	1,740	143,304	15.52	24,739y
New London	2,459	167,595	14.15	29,493y
Shawano-Greshem	2,715	196,028	13.00	26,592y

Howard-Suamico 3,360                      180,597      14.50                      37,084y  
 [It is not necessary to address which is the correct source for  
 disputed figures.]

The set proposed by the Employer and which the Union concedes are comparable are located in the same labor market as Howard-Suamico. All of the Employer proposed set are largely suburbs of Green Bay with the exception of Oconto Falls. However, many of these districts are not organized. The additional districts proposed by the Union are in different labor markets. They are of similar size for the most part. I would use the additional districts proposed by the Union as secondary comparables, useful primarily for comparisons with respect to issues in which the extent of organization is a significant factor.

	start	1994-5 wage rates		
		24 months	maximum	
Ashwaubenon	8.26	9.29	9.29	(in third year)
Denmark	6.57	7.30	7.30	
De Pere	5.81	6.23	7.07	
Luxemburg-Casco	7.00	?	8.25	
Oconto Falls	6.94	7.93	8.98	
Pulaski	7.90	8.40	10.00	
Seymour	7.39	7.80	8.63	(middle step unclear)
West De Pere	7.00	8.29	8.29	
Howard-Suamico	6.05	7.63	7.63	

This unit is already the second lowest paid unit among the comparables at the start and the third lowest at the maximum. The 24 month comparison shows that while other units have longer schedules, the vast majority of other units are paying their employees more after 24 months than Howard-Suamico. Under the Employer's offer, this unit will be lowest paid at the starting rate among the comparables and tied for second lowest at the maximum. Whether one emphasizes the need to maintain appropriate wage levels in this unit or one merely emphasizes granting a comparable wage increases to those in comparable units, the Union's proposal is heavily favored.

The percentage increases in rates in the parties' proposals are as follows:

	95-96 start	maximum	96-7 start	maximum
Union	\$6.35 (5.0%)	\$7.93 (3.9%)	6.60 (3.9%)	8.18 (3.2%)
Employer	\$6.15 (1.6%)	\$7.73 (1.3%)	6.25 (1.6%)	7.79 (.8%)

It is likely that the Union's proposed wage increases are closer to those generated in this area by other public employers. Some of those comparisons are as follows:

	'95	'96	'97	'98
Green Bay School District	no evidence			
Brown County (approximate)	2.8%	3.0%	3.0%	(one unit '96 & '97)
Village of Howard	3.0%	3.0%	3.0%	3.0%
The City of Green Bay	2.4%	3.0%	3.0%	4.0% (lift)

The Employer has also argued that there is no need for significant wage increases at the maximum rates in this unit because private sector wage rates are lower. It relies upon the Department of Workforce Development's wage study for this statistical area. The 1995 DWD report shows Cleaner/custodian at \$6.36 start, \$7.16 mean for 1995. This report covers a wide area including some very rural areas. It also covers larger and smaller employers. I don't agree that the Employer has demonstrated that the Union's proposal would result in wage rates which are inordinately high when compared to the private sector. Overall, the Union's proposal is closer to the wage increases occurring in the local area and not inconsistent with the private sector.

#### COST OF LIVING

The parties disagreed as to whether the Employer's or Union's offer was closer to the cost of living. At the center of the debate is the Employer's attempt to use the roll forward method costing as comparison to the cost of living. The cost of living involves both wage and benefit factors. Ordinarily, the roll forward method should be applied to make that comparison. However, this unit actually receives little in the way of benefits and the roll forward method is heavily skewed by the questionable inclusion of "step" increases. The Union's offer is much closer to a cost of living increase than that proposed by the Employer.

#### OTHER FACTOR

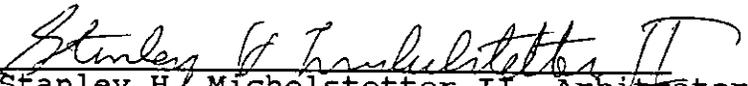
The Employer is operating under budget limitations imposed by the state. The public interest requires that these budget limitations must be considered in any negotiations. There is no showing that the Union's offer would adversely affect the

Employer's ability to comply with these limitations. It is not at all clear on the available evidence, but it is more likely than not that the cost savings generated by the Employer's offer are more equivalent to that occurring in the other units than that involved by the Union's offer. The public interest appears to favor the Employer's position, but because of the small amounts involved, it is outweighed by the heavy weight of the other factors.

AWARD

That the parties collective bargaining agreement include the final offer of the Union.

Dated at Milwaukee, Wisconsin, this <sup>9<sup>th</sup></sup> day of June, 1997.

  
Stanley H. Michelstetter II, Arbitrator